Retaining of foreign exchange earnings by units in Sezs.

1019, SHRI V. V. RAGHAVAN:

SHRI J. CHITHARANJAN:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have recommended to the RBI that units located in Special Economic Zones (SEZs) be permitted to retain their entire foreign exchange earnings and allowed to make payments to each other in foreign exchange; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL): (a) and (b) Yes, Sir. The Government of India (Ministry of Commerce and Industry) has suggested to RBI to permit units located in Special Economic Zones to retain 100% of their export earnings in their EEFC account for meeting their foreign exchange requirements. This has been suggested to RBI with a view to improving their operation and to minimising conversion losses.

Increase in interest rate

† l020. SHRI D. P. YADAV: Will the Minister of FINANCE be pleased to state:

(a) the reasons for the devaluation of Indian currency in the foreign exchange market;

(b) whether Government propose to increase the interest rate during the current financial year; and

(c) whether the rate of inflation has increased due to the revision in the administrated prices; and if so, whether some effective action is being taken to prevent this?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL): (a) The average exchange rate of rupee in terms of US dollar increased from

† Original notice of the question was received in Hindi.